

Message Text

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TO AMEMBASSY TOKYO

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FOL REPEAT HONG KONG 11093 SENT ACTION SECSTATE SEP 22

QTE

UNCLAS HONG KONG 11093

E.O. 11652: N/A

TAGS: ETRD, HK

SUBJECT: U.S.-HONG KONG TEXTILE AGREEMENT

1. THE AD HOC COMMITTEE ON TEXTILES OF THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG HAS MADE REPRESENTATIONS TO DCI AND TO AMCONGEN REQUESTING SPECIAL MEASURES TO DEAL WITH THE PROBLEM OF THE SHORTAGE OF AIR FREIGHT SPACE TO THE U.S. WHICH HAS DEVELOPED FOR THE LATTER PART OF SEPTEMBER. THIS IS OF SPECIAL CONCERN HERE BECAUSE OF THE SEPTEMBER 30 CUT-OFF DATE UNDER THE U.S.-HONG KONG TEXTILE AGREEMENT

2. PRESENT SHIPPING AVAILABILITY IS MUCH WORSE THAN NORMAL FOR A NUMBER OF REASONS. THE PERCENTAGE OF GARMENTS SHIPPED TO THE U.S. BY AIR HAS INCREASED SUBSTANTIALLY. AT THE SAME TIME, THE SPACE AVAILABLE FROM HONG KONG TO THE U.S. HAS BEEN REDUCED, PARTLY BECAUSE OF TWA'S WITHDRAWAL FROM THIS MARKET UNDER ITS AGREEMENT WITH PANAM AND PARTLY BECAUSE OF THE CESSATION OF THE VIET NAM FLIGHTS, WHICH PROVIDED CONSIDERABLE CARGO SPACE ON RETURN. REPRESENTATIVES

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OF PAMAM, NORTHWESTERN, AND FLYING TIGER HAVE INFORMED

THE COMMITTEE THAT THEY ARE BOOKED SOLID PAST THE END OF THE MONTH, AND THAT THEY ARE UNABLE TO BRING IN ADDITIONAL FLIGHTS BECAUSE THE ONE-WAY FREIGHT RATE FROM HONG KONG TO THE U.S. IS NOT HIGH ENOUGH TO COVER THE EMPTY FLIGHT FROM THE U.S. TO HONG KONG.

3. THE COMMITTEE HAS APPROACHED DAVID JORDAN, DIRECTOR OF DCI REQUESTING THAT A BONDED WAREHOUSE BE ESTABLISHED AT THE AIRPORT AND THAT GOODS RECEIVED THERE BY SEPTEMBER 30 BE CHARGED AGAINST 1974-75 QUOTAS. THE GOODS COULD THEN BE ACTUALLY SHIPPED DURING A 3 WEEK GRACE PERIOD. DCI REPLIED THAT SUCH AN ARRANGEMENT DOES NOT COME WITHIN THE TERMS OF THE TEXTILE AGREEMENT, AND WOULD, THEREFORE, REQUIRE USG APPROVAL, WHEREUPON THE COMMITTEE APPROACHED CONGEN TO REQUEST THE APPROVAL.

4. ACTION REQUESTED: OUR INFORMATION INDICATES THAT THE PROBLEM IS BONA FIDE. THERE IS NO QUESTION THAT HK TO US AIR CARGO SERVICES HAVE BEEN REDUCED SUBSTANTIALLY SINCE THE CESSATION OF VIET NAM. AIRLINE REPRESENTATIVES HAVE IN FACT TURNED DOWN A LARGE NUMBER OF REQUESTS FOR SHIPMENTS. THEY ALSO ADVISED US THAT THEY HAD BEEN UNSUCCESSFUL IN THEIR EFFORTS TO GET THEIR COMPANIES TO LAY ON MORE PLANES. WE BELIEVE THAT SOME FORM OF RELIEF WOULD BE APPROPRIATE. IT WOULD CREATE CONSIDERABLE GOOD WILL IN HONG KONG DURING THE PERIOD LEADING UP TO THE AMERICAN FORTNIGHT, AND SHOULD INVOLVE NO COST TO THE US AS MOST QUOTAS ARE SUBSTANTIALLY UNDER UTILIZED.
CROSS

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